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Chiang Determines California Will Need to Borrow \$7 Billion

SACRAMENTO – State Controller John Chiang today announced that he has completed his cash analysis and, based on projected declines in revenues coupled with questionable cash solutions in the State’s record-setting late budget, has determined California will need to borrow \$7 billion to meet all of its obligations through the fiscal year ending June 30, 2009.

“There is no question that today’s economic uncertainties and a tight credit market may create enormous challenges to the State to borrow at one time the entire \$7 billion I have determined the State will need to meet its obligations through the end of the fiscal year. The difficulty is also compounded by the short window of time between now and the final days of October, the period in which my office has projected the State will likely run out of cash.

“It is critical that Congress take swift action to adopt an economic recovery plan that can calm the fears of American consumers, stabilize the market and loosen the credit stream we will need to continue to provide quality programs and services Californians expect and deserve.”

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